



C. A. Cigarrera Bigott, Suc.

By Facsimile

Caracas, March 25th, 1992

Mr. K. Dunt  
c/o Tabacalera Hondureña S.A.  
Honduras

C. A. Cigarrera Bigott, Suc.  
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Venezuela  
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*cc. D.S.B.  
Original back to KID*

Dear Keith,

Thank you for your fax of the 25th.

Jaime Rosales will bring the figures with him that you request.

You will remember that in our last meeting we were looking at preliminary volumes with different scenarios on the size of the D.N.P. market. At that time we did not have available the financial effect.

In our last meeting with you it was agreed that we would follow the good citizen route and not export. However, this route has a significant negative financial and market share consequences. In view of this we have recommended the Status Quo.

*Prop  
Final  
Analysis  
pi*

To maintain a good image for Cigarrera Bigott has its limitations and I do not consider it is possible under the Status Quo. The only way to maintain a good image is to go for a Ban with the negative financial market share effects. ✓

Transit into Venezuela by an associated BAT Company also poses problems for Cigarrera Bigott good citizen position. ✓  
This might be exploited by the Competition.

We did consider BAT Companies supplying the transit demand Venezuela under the Ban Scenario. However, we have not calculated the financial effects which would have to be done by the manufacturing Company. A study has to be done on this. ✓

It is unlikely to maintain the same level of contribution with product manufactured offshore. ✓

500025892



There are two options open to us:

1. Manufacture an 80 mm 41 brand to compete with Coral and Minister. ✓

Our current price to Aruba for Belmont and Consul is US\$ 12.29 per mille whilst an unknown brand in the Minister Coral price category would have to be priced at US\$ 6.50 per mille. ✓  
I doubt that we can reduce costs whilst maintaining smoking characteristics to compensate for the lower invoice price. ✓

2. Manufacture 70 mm Consul and Belmont offshore.

In order to maintain the same level of contribution on Belmont/Consul offshore the reduction in conversion costs would have to compensate for the increased transport costs.

I will be at home on Sunday.

With kind regards,

Yours sincerely,

Delcio O. Laux

/Adela S.

500025893

C. A. Cigarrera Bigott, Succ.

C. A. Cigarrera Bigott  
Agencia de Representación  
Venezuela  
Teléfono 241 111  
Fax 224 111

By Facsimile

Caracas, March 25th, 1982

Mr. K. Dunn  
c/o Tabacalera Nacional S.A.  
Guatemala

Dear Keith,

Thank you for your fax of the 25th.

Jaime Rosales will bring the figures with him that you request.

We will remember that in our last meeting we were looking at preliminary volumes with different scenarios on the size of the D.P. market. At that time we did not have available the financial effect.

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It is unlikely to maintain the same level of contribution with product manufactured offshore.

Who are  
also  
transiting (or  
are they  
not?)

Key

500025894



There are two options open to us:

1. Manufacture an 80 mm HL brand to compete with Doral and Minister. ✓

Our current price to Aruba for Belmont and Consul is US\$ 12.29 per mille whilst an unknown brand in the Minister/Doral price category would have to be priced at US\$ 6.50 per mille. I doubt that we can reduce costs whilst maintaining smoking characteristics to compensate for the lower invoice price.

2. Manufacture 70 mm Consul and Belmont offshore.

In order to maintain the same level of contribution on Belmont Consul offshore the reduction in conversion costs would have to compensate for the increased transport costs.

I will be at home on Sunday.

With kind regards,

Yours sincerely,

*[Signature]*  
Deicid O. Lann

Adela E.

568270005